



**STATE OF INDIANA
OFFICE OF THE GOVERNOR**

State House, Second Floor
Indianapolis, Indiana 46204

Mitchell E. Daniels, Jr.
Governor

July 15, 2011

Dear fellow state employee,

I'm running out of ways to express my admiration and appreciation for all of your efforts and hard work. Once again, Indiana is in better fiscal condition than most other states. As we close the fiscal year, your commitment to protecting Hoosier taxpayers while continuing to provide excellent customer service is evident and deserving of recognition under our pay for performance model.

From our first day of service in 2005, we have asked state agencies to search continuously for savings, while improving performance and customer service. No state anywhere comes close to Indiana's record of spending tax dollars carefully, with total savings over the last six years in the billions. Your spending efficiency has enabled us to stay in the black even as revenues plummeted.

When the most recent state budget was approved in April, it projected reserves of \$1 billion at the end of FY 2013, but we have achieved that goal 2 years ahead of schedule. This is in large part due to an overachievement in reducing spending within state agencies. Specifically, we anticipated additional executive branch savings, on top of all those created earlier, of \$190 million in FY 2011. You exceeded these expectations yet again, generating savings of approximately \$330 million.

It is only fair that you share in a portion of these unbudgeted savings.

I am pleased to announce an efficiency dividend payment to state employees. The amount of your dividend depends on your last employee evaluation. Employees rated as "meets expectations" will receive \$500, "exceeds" \$750 and "outstanding" \$1,000. This flat dollar, one-time reward continues our practice of honoring employees based on the quality of their work contributions.

The state's ability to end fiscal year 2011 with reserves of \$1.18 billion is a testament to your hard work and your sense of responsibility to your fellow taxpayers. Again, thank you, co-workers, for helping Indiana remain a leader in fiscal management and good government. Keep up the great work!

Best regards,

Mitch D.